MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2017 / 2018

DBL5028 – COMPANY LAW

(For Diploma Students Only)

9 MARCH 2018
9.00 a.m. – 11.00 a.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 3 pages with 4 questions.
2. Answer all questions.
3. You are required to cite provisions and case laws where relevant.
4. Write all your answers in the Answer Booklet provided.

QUESTION 1

The Companies Act 2016 imposes upon the directors of a company various obligations in ensuring that the accounts of a company are made out in accordance with the approved accounting standards.

a) Define the following:

i. Accounting records.

(2 marks)

ii. Profit and loss account.

(2 marks)

b) Explain what is an auditor's report.

(5 marks)

c) Durian Wangi Sdn. Bhd. wishes to appoint Mr. Strawberry and Dato' Watermelon as the company's auditors. Before their appointment was made, it was discovered that Mr. Strawberry's wife is an officer of the company while Dato' Watermelon has been convicted with fraud in his former company and sentenced with an imprisonment for two years in 1998.

Advise Durian Wangi Sdn. Bhd. whether there would be any legal obstacles under the Companies Act 2016 to the proposed appointment of Mr. Strawberry and Dato' Watermelon as the company's auditors.

(10 marks)

d) State any **(3) THREE** powers and duties of an auditor.

(6 marks)

[Total : 25 Marks]

QUESTION 2

a) There are two primary methods of winding up established under the Companies Act 2016. Explain what is voluntary winding up

(7 marks)

b) Explain the procedure to appoint a liquidator in a voluntary winding up.

(6 marks)

c) Compulsory winding up or winding up by the court may be initiated by entitled parties to opt for a petition for the Order of Court for such cause. With reference to the provisions in the Companies Act 2016, state the following:

i. Any **(2) TWO** eligible parties who may apply according to Section 464(1) of the Companies Act 2016.

(2 marks)

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ii. Any **(5) FIVE** grounds or circumstances for such application can be made to the court.

(10 marks)

[Total : 25 Marks]

QUESTION 3

a) According to the law, there are huge differences between the three types of business organisations in Malaysia. Explain any **(4) FOUR** differences between a sole proprietorship and a company.

(12 marks)

b) The law of partnership is governed by the Partnership Act 1961. With reference to the provisions in the Partnership Act 1961, state the following:

i. Definition of partnership.

(2 marks)

ii. Any **(4) FOUR** ways to dissolve a partnership.

(8 marks)

iii. Any **(3) THREE** types of partner in a partnership.

(3 marks)

[Total : 25 Marks]

QUESTION 4

a) A company is composed of two main organs, namely the board of directors as well as the members in general meeting. State any **(3) THREE** types of director in a company.

(3 marks)

b) A director of a company has enormous duties with regard to the business operations of the company. With reference to the provisions under the Companies Act 2016, explain the following:

i. Loan to directors

(6 marks)

ii. Loan to persons connected to the directors

(6 marks)

c) In December 2009, Orange Lemonade Sdn. Bhd. was incorporated with a sole object of manufacturing and selling electrical products in Malaysia. The company has three directors, namely Mr. Plum, Mr. Grapes and Dato' Pineapple.

In January 2011, a meeting was held to approve an amount of RM 2 million to Dato' Pineapple to purchase a luxury apartment and a yacht for his position as a managing

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director of the company. The meeting was conducted without the presence of Mr. Plum and approval was granted in the board of directors meeting.

With reference to the provisions of Companies Act 2016, advise whether Mr. Grapes and Dato' Pineapple have breached their directors' statutory duties for the approval of RM 2 million.

(10 marks)

[Total : 25 Marks]

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